

Date: November 1, 2001

MEMORANDUM TO ALL LENDERS
WORKING CAPITAL GUARANTEE PROGRAM (WCGP)
EXPORT-IMPORT BANK OF THE UNITED STATES

**ADDENDUM No. 2 to the WCGP Manual Effective October 1999
Effective on Receipt**

TO: All Lenders (as shown below)

FROM: Sam Z. Zytcer, Vice President
Business Credit Division

Please note the following clarifications to various WCGP documents and the WCGP Manual, as described below. Unless otherwise defined, the capitalized terms used herein shall have the meaning set forth in the Master Guarantee Agreement or Delegated Authority Letter Agreement, as applicable.

For all Lenders

- (1) **Clarification of Financial Statement Requirements:** In addition to the stated year-end financial statements requirements, Borrowers and Guarantors (both Corporate and Individual) shall provide their most recent signed federal tax return at the time of the initial application and annually thereafter.

Applicable to all Loan Facilities, notwithstanding Section 11 of the Loan Authorization Agreement/Notice, notwithstanding the U.S. Small Business Administration/ Export-Import Bank of the United States/ Joint Application for Working Capital Guarantee (Checklist of Information to be Attached, Financial Information, Item 7), and as set forth in Section II(I) of the WCGP Manual.

- (2) **Costs in Excess of Billings:** Section II(L)(3)Note of the WCGP Manual regarding costs in excess of billings shall be deleted.

The following Note shall be added immediately following, and shall be made a part of, Section II(M)(4) of the WCGP Manual:

Note: The Borrower's export-related costs in excess of billings may be treated as Eligible Export-Related Inventory only to the extent that such costs in excess of billings exceed the Borrower's export-related billings in excess of costs (i.e., only the net amount of costs in excess of billings, if a positive number, may be treated as Eligible Export-Related Inventory). The appropriate Advance Rate shall be applied against such export-related net costs in excess of billings, based on the Eligible Export-Related Inventory being generated.

- (3) **Country Limitation Schedule:** Beginning with the Country Limitation Schedule (“CLS”) update effective October 29, 2001, many of the Notes to the CLS will include language specific to the WCGP. Any questions regarding interpretation or applicability of any of the CLS Notes to the WCGP should be directed to the Business Credit Division at (202) 565-3780.

For Delegated Authority Lenders

- (4) **Minimum Credit Criteria - RMA Ratio Analysis:** The requirement, as set forth in Section (6)(a) of the Delegated Authority Letter Agreement and Section (6)(a) of the Delegated Authority Letter Agreement (Community) that the “...evaluation must show that Borrower’s financial ratios *fall within* the RMA’s Lower Quartile...” may be interpreted in accordance with Section (IV(E)(1) of the WCGP Manual, which states that the “Borrower’s ratios must *meet or exceed* its industry’s Lower Quartile...”.

(Note: Italics have been added here for emphasis and are not used in the actual documents.)

- (5) **Minimum Credit Criteria - Positive Tangible Net Worth:** Section (6)(b) of the Delegated Authority Letter Agreement should begin as follows (to add “recent”):

“Based on the most recent financial data available,...”

- (6) **Secondary Collateral:** Secondary Collateral consists of all assets of the Borrower, other than the Primary Collateral (as set forth in Section 6(A) of the Loan Authorization Notice (“LAN”)), in which Lender holds a Lien to secure any and all other credit facilities, other than the Loan Facility, provided by the Lender to the Borrower. **Please note:** Secondary Collateral is not collateral that secures the Loan Facility in which Lender has a second or lesser priority security interest. When specifying Secondary Collateral in Section 6(B) of the LAN, the Lender should not simply state “*blanket lien*” or “*all other assets,*” but rather list in detail the specific assets serving as collateral for the credit facilities, other than the Loan Facility, provided by the Lender to the Borrower. For any such listed assets in which Lender does not have a first priority security interest, Lender should indicate those assets and the lesser priority of the security interest in Section 6(E) of the LAN.

Please retain with, and insert into, the Working Capital Guarantee Program Manual dated October 1999. It is the Lender’s responsibility to notify anyone who uses this Program of the changes and clarifications set forth herein.